

**Finance New Orleans**

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**FINANCE**  
NEW ORLEANS



# Finance New Orleans Green Mortgage Program

**PROGRAM HIGHLIGHTS**

Green Mortgage Homeowner Assistance Program

# Agenda

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- I. Welcome
- II. Green Mortgage Program Highlights
- III. Energy Smart Program Highlights
- IV. Q&A – 15 Min.
- V. Next Steps – 5 Min.





# Purpose

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Program  
Background

New &  
Improved  
Program

Future:  
Product  
Roadmap

Why we need  
your support



# Green Mortgage Program

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## Highlights



# FNO's Green Mortgage Homebuyer Assistance Program



First Mortgage	Second Mortgage	Whole Home Assessment
<ul style="list-style-type: none"><li>• FHA and VA</li><li>• Fannie Mae HFA Preferred Mortgages</li><li>• Freddie Mac HFA Advantage Mortgage</li></ul>	<p>Up to \$25,000 of homebuyer assistance</p> <p><b><u>Borrowers &lt;80% AMI</u></b></p> <p>0% Interest, 5- Year forgivable loan</p> <p><b><u>Borrowers 81-140% AMI</u></b></p> <p>0% interest, 30-year non-forgivable loan with option to defer repayment</p>	<ul style="list-style-type: none"><li>• Free energy efficiency assessment and minor upgrades to reduce energy use</li></ul> <p data-bbox="1676 768 2369 882"><b>\$2,500 Green Home Improvement Stipend</b></p> <ul style="list-style-type: none"><li>• Grant from FNO to implement improvements increasing energy efficiency and resilience</li></ul>

# Borrower Eligibility

- No first-time homebuyer requirement
- At the time of loan closing, the borrower is not allowed to have more than one financed residential property, including the subject property
- Borrowers must permanently reside in the U.S. and must occupy the property within 60 days
- Non-occupant Borrowers or co-signers are not permitted
- Financial Feasibility strongly encouraged, but not required
- Homebuyer Education is required
- Whole Home Assessment with Energy Smart is required prior to closing on a loan
- Borrowers must work with a FNO approved lender to apply for their loan



# Income Limits

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80% AMI and lower = \$69,680  
Above 80% AMI = \$121,940

**Source:** <https://sf.freddiemac.com/working-with-us/affordable-lending/home-possible-eligibility-map>



# FICO/Maximum DTI

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- Front end DTI ratio cannot exceed 33%.
- Borrowers with credit scores 640-679: Back-end debt to income ratios (DTI) limited to 45% \*
- Borrowers with 680 credit score or above: Back-end debt to income (DTI) ratios limited to 50%

\*US Bank Loan Conventional AU standards allow up to 50% DTI for Borrowers with 640 Credit Scores





# Eligible Loan Area and Qualifying Properties

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- Property must be located within the City limits of New Orleans
- Properties with up to four housing units (attached or detached) are eligible if permitted by first mortgage product.

**Maximum Purchase Price:**

Single Family Home: Up to \$400,000

2-4 Unit Home: Up to \$450,000

- At least one unit must be occupied as Borrower's principal residence for the duration of the loan period.



# How Can Borrowers Use the FNO Green Mortgage?

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Qualifying borrowers are eligible for up to \$27,500 of assistance through FNO.

- Up to \$25,000 to cover closing costs, prepaids, or to contribute to down payment on the home.
- Up to \$2,500 of direct assistance will be available to homeowners who elect to implement energy efficiency and resilience improvements recommended by an industry professional.





# Forgivable Second Mortgage Loan

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**Borrowers earning 80% AMI\* or below are eligible for a 0% interest, five-year forgivable subordinate mortgage up to \$25,000.**

- Twenty percent (20%) of the loan shall be forgiven 365 days (1 year) from the date of the second note
- One-forty-eighth shall be forgiven per month should the loan become repayable as described below. **After five years of occupancy, one hundred percent of the second mortgage is forgiven.**

\*According to Program Guidelines



# Layering with other Assistance Programs

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- FNO forgivable loans may be layered with other homebuyer assistance programs made available to Louisiana residents in the form of **grants and forgivable loans**.
- FNO assistance can take third position to forgivable grants and loans provided by other housing agencies restricted to buyers earning under 80% AMI.
- If a buyer does not qualify for a forgivable mortgage, FNO assistance must be in second position.





# Non-Forgivable Second Mortgage Loan

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**Borrowers earning between 81-140% AMI\* will have two options regarding repayment of their second mortgage:**

**Option 1:** 0% Interest, second mortgage which shall be repaid over a period of 30 years (360 months).

**Option 2:** 0% Interest, 30-year deferred, second mortgage up to \$25,000 which shall be repaid in full at month 360.

\*According to Program Guidelines



# Repayment Triggers

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- The entire remaining principal shall be due upon sale, cash-out refinancing, transfer of title, or if borrower no longer occupies the property at any time while there is an outstanding principal.
- Borrowers may elect to do a rate-and-term refinance with a FNO and US Bank approved lender.



# Energy Smart Program

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## Highlights



# What makes the Green Mortgage Program “Green”

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## 1. Required Energy Efficiency Whole Home Assessment

Prior to closing on selected home, the Borrower and/or Borrower’s agent must coordinate with FNO, the Seller and/or Seller’s Agent to have a whole home energy efficiency assessment completed through EnergySmart program

- Borrower will notify FNO of selected realtor and lender when they qualify for a loan and begin shopping for home
- FNO will provide Seller Consent form for Whole Home Inspection and remind Borrower and their agent they are responsible for coordinating Whole Home Energy Efficiency Assessment
- Proof of Whole Home Inspection appointment must be provided when house is under contract
- Energy Assessment should be included in Compliance File



# What makes the Green Mortgage Program “Green”

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## 2. Recommended Energy Efficiency and Resilience Improvements

The property will get upgraded energy efficiency products following energy efficiency assessment. **After move in**, the Buyer will have the option to make recommended improvements on their homes, based on Energy Smart report and consultation from industry partners.

**Borrowers may utilize the \$2,500 stipend provided by FNO to contribute to the costs of selected improvements.** These may include:

- Weatherization upgrades
- Energy Star products through Energy Smart
- Other green and resilient upgrades, such as water management, recommended by an industry professional

# Green Mortgage Road Map

2

Complete Financial Fitness and Homebuyer Education Course



4

Connect with Realtor & Find Dream Home in NOLA



6

Sign Loan Documents



8

Apply \$2,500 Grant to Green Home Improvements



1

Register with Finance New Orleans



3

Select Lender



5

Order Free Energy Efficiency Assessment with Energy Smart



7

MOVE IN!

